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LEASE OF IMPROVED SPACE

BETWEEN

THE PORT OF PORTLAND

("Port")

And

HIGH TEMP N.W., INC.

("Lessee")

Effective Date: December 14, 1995

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TABLE OF CONTENTS

SECTION 1	AGREEMENT TO LEASE PROPERTY	1
1.1	Agreement to Lease and Description of Premises	1
1.2	Reservation Rights	1
1.3	Use of Premises.....	1
1.4	Weight Load Limits.....	2
1.5	Use of Loading Area	2
1.6	Alternate Access	2
1.7	Compliance with All Laws.....	2
1.8	Limits on Use.....	2
1.9	Appurtenant Rights	2
SECTION 2	TERM	3
2.1	Lease Term	3
SECTION 3	RENT.....	3
3.1	Basic Rent and Rent.....	3
3.2	Other Charges.....	3
3.3	Time and Place of Rent Payments.....	3
3.4	Delinquency and Administrative Charges.....	3
3.5	Acceptance of Rent.....	4
SECTION 4	LESSEE'S OTHER OBLIGATIONS	4
4.1	Construction of Improvements	4
4.1.1	Port Approval	4
4.1.2	Permits.....	4
4.1.3	Other Requirements.....	4
4.2	Maintenance.....	5
4.3	No Liens	5
4.4	Utilities	5
4.5	Signs.....	5
4.6	Port Access to Premises	6
4.7	Security Deposit.....	6
4.8	Taxes	6
4.8.1	County as Third Party Beneficiary	7
SECTION 5	PORT AUTHORITY AND OBLIGATIONS	7
5.1	Delivery of Premises.....	7
5.2	Quiet Enjoyment	7
5.3	Condition of Premises	7
5.4	Port Maintenance Obligations.....	7
5.5	Port Authority over Common Areas.....	8

5.6	Port Repairs and Obligations	8
SECTION 6	ENVIRONMENTAL OBLIGATIONS OF TENANT	8
6.1	Definitions.	8
6.1.1	"Environmental Laws"	8
6.1.2	"Hazardous Substances"	8
6.1.3	"Environmental Costs"	8
6.2	Initial Environmental Assessment	9
6.3	Use of Hazardous Substances	9
6.4	Environmental Inspection	9
6.5	Safety	10
6.6	Disposal of Hazardous Substances	10
6.7	Notice to Port	10
6.8	Environmental Remediation	10
6.9	Certification	11
6.10	Documentation of Hazardous Substances	11
SECTION 7	INDEMNITY, INSURANCE	11
7.1	General Indemnity	11
7.2	Environmental Indemnity	12
7.3	Insurance Requirements	12
7.3.1	Certificates; Notice of Cancellation	12
7.3.2	Additional Insured	13
7.3.3	Primary Coverage	13
7.3.4	Company Ratings	13
7.4	Required Insurance	13
7.4.1	General Liability Insurance	13
7.4.2	Premises Insurance	13
7.4.3	Automobile Liability Insurance	13
7.4.4	Workers' Compensation Insurance	14
7.4.5	Periodic Review	14
7.5	Waiver of Subrogation	14
SECTION 8	DAMAGE OR DESTRUCTION	14
8.1	General	14
8.2	Reconstruction	14
SECTION 9	TERMINATION	15
9.1	Duties on Termination	15
9.2	Lessee's Personal Property	15
9.2.1	Removal Requirement	15
9.2.2	Time for Removal	15
9.3	Holding Over	15
9.4	Exit Audit and Remediation	16

SECTION 10	DEFAULT	16
10.1	Event of Default.....	16
10.1.1	Default in Rent.....	17
10.1.2	Default in Other Covenants.....	17
10.1.3	No Notice Required.....	17
10.1.4	Insolvency.....	17
10.1.5	Abandonment.....	17
10.1.6	Failure to Abide by Laws.....	17
10.2	Remedies on Default.....	18
10.2.1	Re-entry.....	18
10.2.2	Reletting.....	18
10.2.3	Rent Recovery.....	18
10.2.4	Recovery of Damages.....	18
10.3	Termination of Lease.....	19
10.4	Remedies Cumulative and Nonexclusive.....	19
10.5	Port Curing of Lessee's Defaults.....	19
10.6	Default by Port.....	19
SECTION 11	ASSIGNMENT, SUBLEASE, MORTGAGE AND TRANSFER.....	19
11.1	General Prohibition.....	19
11.2	Effect of Consent.....	20
11.3	Sublease to May Trucking.....	20
11.4	Transfer by the Port.....	20
11.5	Estoppel Certificates.....	20
SECTION 12	EMINENT DOMAIN.....	21
12.1	General.....	21
12.2	Definitions.....	21
12.2.1	"Date of Taking".....	21
12.2.2	"Partial Taking".....	21
12.2.3	"Total Taking".....	21
12.3	Total Taking.....	21
12.4	Partial Taking.....	21
12.5	Award.....	21
12.6	Effect of Termination.....	22
SECTION 13	GENERAL PROVISIONS.....	22
13.1	Covenants, Conditions, and Restrictions.....	22
13.2	Governing Law.....	22
13.3	Port and Lessee.....	22
13.4	No Benefit to Third Parties.....	22
13.5	Port Consent.....	22
13.6	No Implied Warranty.....	22
13.7	Notices.....	23
13.8	Time of the Essence.....	23

13.9	Nonwaiver	23
13.10	Survival.....	23
13.11	Partial Invalidity.....	23
13.12	No Light or Air Easement.	24
13.13	Lease Subject to Bonds and Ordinances	24
13.14	Lease and Public Contract Laws.....	24
13.15	Limitation on Port Liability	24
13.16	Calculation of Time.....	24
13.17	Headings.....	24
13.18	Exhibits Incorporated by Reference.....	24
13.19	Modification.....	24
13.20	Brokers.....	24
13.21	Attorney Fees.....	24
13.22	Entire Agreement.....	25
13.23	Successors	25
13.24	Joint and Several Obligations.....	25
13.25	Execution of Multiple Counterparts.....	25
13.26	Defined Terms	25
13.27	No Limit on Port's Powers	26

LEASE OF IMPROVED SPACE
TERMINAL 1
PORT OF PORTLAND/HIGH TEMP N.W., INC.

THIS LEASE, effective the fourteenth day of December, 1995 ("Effective Date") is between THE PORT OF PORTLAND, a port district of the State of Oregon (the "Port"), and HIGH TEMP N.W., INC., a corporation organized under the laws of the state of Oregon ("Lessee").

SECTION 1 AGREEMENT TO LEASE PROPERTY

1.1 Agreement to Lease and Description of Premises. The Port leases to Lessee, and Lessee leases from the Port, on the terms and conditions stated below, the land and appurtenances thereto, consisting of approximately 54,164 square feet of warehouse space commonly known as Warehouse 2, and approximately 30,000 square feet of paved yard area located adjacent to Warehouse 2 located at Terminal 1, 2050 NW Front Avenue, Portland, Oregon and identified and shown attached hereto as Exhibit "A" and made a part hereof (hereinafter referred to as "Premises" together with all improvements located thereon or to be located thereof (the "Premises"). As used in this Lease, the term "Improvements" shall mean all buildings, fences, driveways, sidewalks, infrastructure improvements, utilities, paved or parking areas, landscaping, and any other enhancements located on and made to the Premises by either the Port or Lessee. The square footages indicated above are an estimate only, the accuracy of which shall have no bearing on the rental rate set forth below.

1.2 Reservation Rights. The Port hereby retains the right of access for itself, its employees, agents, contractors and tenants through the main entrance gate, shown on the Exhibit A, for ingress and egress to House 106 and to the paved yard areas on the south side of Terminal 1.

1.3 Use of the Premises. Lessee shall use the Premises only for manufacturing and distribution of large custom-made refractory brick and for the manufacture and distribution of metal stirring lances, both of which are used in the steel and/or aluminum industry. Lessee may also use the Premises for the cutting and reselling of ceramic fire blankets. Lessee shall be permitted to use the materials listed on Exhibit B, attached hereto, on the Premises. If Lessee desires to use any other materials in its manufacturing process which may be considered a Hazardous Substance, as defined in Section 6 herein, Lessee must first obtain the prior written approval of the Port, and whether to grant or deny such approval shall be within the sole discretion of the Port. No other use may be made of the Premises without the prior written consent of the Port, which approval shall be within the sole discretion of the Port. If Lessee wishes to manufacture and/or distribute any product not described herein, Lessee must request, from the Port, the right to expand the use of the Premises. Whether or not to grant or deny such a request shall be within the sole discretion of the Port. A primary consideration in granting such

a request shall be whether such expanded use would create additional environmental and/or safety hazards. The Port agrees to act promptly in responding to any such request.

1.4 Weight Load Limits. The Lessee shall not use the building or the paved yard area such that the uniform live load exceeds 1,000 pounds per square-foot.

1.5 Use of Loading Area. The Port has leased the loading and unloading area ("Loading Area") on the north side of the building, shown on Exhibit A, to Thermo-Pressed Laminates, Inc. ("Thermo-Pressed"). Thermo-Pressed has given Lessee permission to use the Loading Area for the loading and/or unloading of trucks, provided that Lessee does not, in any way, interfere with Thermo-Pressed's operations. As the lessee of the Loading Area, Thermo-Pressed has the right to terminate Lessee's use and access to the Loading Area at any time. Lessee understands and agrees that the use of the Loading Area is available only with express permission from Thermo-Pressed. Lessee further understands that termination of that right of use by Thermo-Pressed shall have no bearing on this Lease and shall not be grounds to terminate this Lease.

1.6 Alternate Access. If Lessee's use of the Loading Area is terminated by Thermo-Pressed, the Port shall make an alternate loading area available through House 106. The location of such alternate loading area shall be designated by the Port in its sole discretion and shall be made available to Lessee at no additional charge.

1.7 Compliance with All Laws. Lessee's use of the Premises must comply with all applicable laws, ordinances, rules and regulations of state, federal, city, county or other public government authorities, including, but not limited to all state or federal environmental laws, all environmental permit requirements, local fire codes and zoning codes, Port ordinances and any published Port Rules and Regulations (collectively "Port Rules"). Lessee shall promptly provide to the Port copies of all communications from any such government entity which relates to Lessee's noncompliance or alleged noncompliance with any law or other government requirement. Lessee shall also furnish the Port with copies of permits Lessee is required to obtain in order to operate its business from the Premises.

1.8 Limits on Use. Lessee shall not, without the prior written consent of the Port, use any device which would violate any local noise ordinance or cause substantial vibration, fumes or electronic interference on the Premises. Lessee shall not use or permit anyone else to use the Premises, nor shall Lessee permit anything to be done on the Premises, which (a) adversely affects or is likely to adversely affect the Premises; (b) creates any condition that may be a safety hazard; (c) creates or tends to create a hazard or a nuisance; or (d) annoys or inconveniences other tenants or occupants of Terminal 1.

1.9 Appurtenant Rights. Lessee shall have a nonexclusive right to use Terminal 1 Common Areas in common with the Port and others to whom the Port has granted or may grant such right. The term "Common Area" means existing parking areas, roadways, sidewalks, driveways, and any other areas now or hereafter designated as Common Areas by the Port to be used in common with other tenants of Terminal 1.

SECTION 2 TERM

2.1 Lease Term. The term of this Lease shall commence on December 14, 1995 ("Commencement Date") and shall terminate June 30, 2000 ("Expiration Date") unless otherwise terminated pursuant to the terms of this Lease. As used herein, "Lease Year" shall mean the period from July 1 to June 30 of each year. Notwithstanding the foregoing, the Port shall have the right to terminate this Lease at any time after July 1, 1997, without penalty, upon giving Lessee at least 305 days written notice. The notice shall state the new termination date.

1997

SECTION 3 RENT

3.1 Basic Rent and Rent. Lessee shall pay to the Port monthly rent in accordance with the following schedule: For the period from January 15, 1996 through June 30, 1997, monthly rent shall be \$12,500; from July 1, 1997 through June 30, 1998, monthly rent shall be \$13,000; from July 1, 1998 through June 30, 1999, monthly rent shall be \$13,500 per month; and from July 1, 1999 through June 30, 2000, monthly rent shall be \$14,000. Said monthly rent shall be referred to as "Basic Rent." All other sums which become payable by Lessee to the Port shall be considered "Additional Rent" due under this Lease. "Rent," as used herein, shall mean all such Additional Rent, together with Basic Rent. The first month's Basic Rent shall be prorated. Lessee shall pay Basic Rent for the first month upon the execution of this Lease.

3.2 Other Charges. It is the intent of the parties that Basic Rent due under this Lease shall be net to the Port with Lessee paying all costs associated with the use, development and occupancy of the Premises, including, but not limited to, maintenance, taxes, assessments, utilities, and insurance, unless otherwise provided in this Lease.

3.3 Time and Place of Basic Rent Payments. Lessee shall make payment of all Basic Rent in advance, on or before the first day of each month ("Due Date") without offset, abatement or deduction to the Port to the following address or such other address as the Port may later designate as provided herein:

The Port of Portland
P.O. Box 5095
Portland, Oregon 97208-5095

3.4 Delinquency and Administrative Charges. All Rent not paid by Lessee within ten (10) days of the Due Date shall bear a delinquency charge of eighteen percent (18%) per annum or, if less, the maximum rate of interest allowed by law, from the date of delinquency until paid. The delinquency charge on the overdue amounts shall be subject to periodic change in the sole discretion of the Port. In addition to the delinquency charge, the Port may, at its option, also impose an administrative charge of five cents (\$.05) for each one dollar (\$1) of Rent payments more than seven (7) days delinquent. Imposition of either or both charges shall not constitute a waiver of any other remedies available for failure to timely pay Rent. The Port's failure to impose an administrative charge shall not be a waiver of the Port's other rights and remedies for such delinquent payment, nor of the Port's right to later charge and collect an administrative charge for such delinquency. Acceptance of any delinquency or administrative charge by the Port shall in no

event constitute a waiver of Lessee's default with respect to the overdue amount in question, nor prevent the Port from exercising any of the other rights and remedies granted under this Lease or by law.

3.5 Acceptance of Rent. The Port's acceptance of a late or partial payment of Rent shall not constitute a waiver of any Event of Default (defined in Section 10 below). It is hereby agreed that any endorsements or statements appearing on checks of waiver, compromise, payment in full or any other similar restrictive endorsement shall have no legal effect. Lessee shall remain in default and obligated to pay all Rent due even if the Port has accepted a partial or late payment of Rent.

SECTION 4 LESSEE'S OTHER OBLIGATIONS

4.1 Construction of Improvements.

4.1.1 Port Approval. Lessee shall be permitted to add up to 1,000 square feet to the existing office space, and to make necessary electrical and structural improvements for the installation of Lessee's equipment. Prior to the commencement of any such work, Lessee shall provide to the Port with drawings prepared by an engineer licensed in the state of Oregon showing the proposed improvements and/or modifications. The drawings must be preapproved by the Port prior to the commencement of any work on the Premises. Any roof penetrations required for the installation of Lessee's equipment shall be performed by the Port's roofing contractor and payment for such work shall be the sole responsibility of Lessee. Except for the foregoing, Lessee shall undertake no other construction, alteration, or changes ("Work") on or to the Premises without the prior written consent of the Port. In all cases, Lessee shall submit the following to the Port for approval at least thirty (30) days in advance of any scheduled construction: The name of the proposed contractor; final plans and specifications; a site-use plan; and architectural renderings. Approval must be obtained prior to application for any building or similar permit. The Port may condition its approval on Lessee's obtaining and delivering to the Port a performance bond and a labor and materials payment bond issued by a corporate surety acceptable to the Port and licensed to do business in Oregon, each in an amount equal to the estimated cost of the construction and each in a form satisfactory to the Port. Subject to the provisions of Section 9 below, all Improvements placed on the Premises by Lessee, other than Lessee's removable trade fixtures, may, at the Port's sole option, be deemed a part of the Premises and the property of the Port after the expiration of this Lease.

4.1.2 Permits. Once preliminary approval has been given by the Port, no Work may commence until Lessee obtains and delivers to the Port copies of all necessary governmental permits.

4.1.3 Other Requirements. All Work done on the Premises at any time during this Lease must be done in a good workman-like manner and in accordance with all building permit requirements. All Work shall be done with reasonable dispatch. If requested by the Port, within thirty (30) days after the completion of any Work, Lessee shall deliver to the Port complete and fully detailed as-built drawings of the completed Work, prepared by an architect pre-approved by the Port and duly licensed by the State of Oregon.

4.2 Maintenance. Except for the Port maintenance responsibilities provided in Section 5.1 herein, the Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by the Lessee or the Port, including but not limited to: the interior walls, doors, door opening/closing devices, windows, canopies, floors, interior and exterior lights, light poles, fencing, HVAC system, and above-ground plumbing and utility systems, in good and substantial repair and condition, and shall promptly make all necessary repairs and alterations thereto at the Lessee's sole expense. The Lessee shall provide, at the Lessee's expense, proper containers and removal service for trash and garbage and shall keep the Premises, including catch basins, free and clear of rubbish, debris, and litter at all times. Without limiting the generality of the foregoing, the Lessee shall maintain the roadways and parking areas within the Premises in good and serviceable condition, free of snow, ice, debris, potholes, and obstructions, and with a safe and easily traversable surface for vehicle traffic. Lessee shall contract for the maintenance of the HVAC system with a service company acceptable to the Port. Lessee shall provide copies of said maintenance contract to the Port. The Port and Lessee shall conduct a joint, semi-annual inspection of the Premises to review the condition of the facility. Prior to entering into a renewal of this Lease, any and all repairs or maintenance required under the terms of this provision shall be completed by the Lessee before the commencement date of the renewal term. Lessee shall comply with all recommendations for maintenance and operations made by the Port's insurance carrier unless compliance is specifically waived in writing by the Port.

4.3 No Liens. Lessee agrees to pay, when due, all sums for labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been provided or ordered with Lessee's consent to the Premises. If any lien is filed against the Premises which Lessee wishes to protest, then Lessee shall immediately deposit cash with the Port, or procure a bond acceptable to the Port, in an amount sufficient to cover the cost of removing the lien from the Premises. Failure to remove the lien or furnish the cash or bond acceptable to the Port within ten (10) days shall constitute an Event of Default under this Lease and the Port shall automatically have the right, but not the obligation, to pay the lien off with no notice to Lessee and Lessee shall immediately reimburse the Port for any sums so paid to remove any such lien. Lessee shall not encumber the Premises or any Improvements thereon without prior written approval of the Port.

4.4 Utilities. Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which are furnished to the Premises or Improvements at the request of Lessee, including any and all connection fees and impervious surface fees charged by the governmental entity having jurisdiction. The Port shall not be responsible for verification of location of existing utility lines and/or connections. In the event Lessee desires to install utility lines on or under the Premises, Lessee shall first obtain the Port's written approval for the installation and the location of such lines. The Lessee has been given permission by the Port to have a natural gas line installed on the Premises. Such installation shall be performed by Northwest Natural Gas Company and shall be paid for by Lessee. Upon the completion of the installation of new lines, including the natural gas lines, Lessee shall promptly deliver to the Port a survey indicating the location of the newly-installed lines and showing a "metes and bounds" description thereof.

4.5 Signs. Lessee shall not erect, install, nor permit upon the Premises any sign or other advertising device without first having obtained the Port's written consent, which the Port may withhold in its sole discretion. Lessee shall remove all signs and sign hardware upon termination of this Lease and restore the sign location to its former state, unless the Port elects to retain all or any portion of the signage.

4.6 Port Access to Premises. The Port shall have the right to enter upon the Premises for the purposes of: (1) confirming the performance by Lessee of all obligations under this Lease; (2) doing any other act which the Port may be obligated or have the right to perform under this Lease; and (3) for any other lawful purpose. Such entry shall be made with reasonable advance notice and during normal business hours, where practical, except in cases of emergency or a suspected violation of this Lease or the law. Lessee waives any claim against the Port for damages for any injury or interference with Lessee's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by such entry, except to the extent caused by the gross negligence or willful misconduct of the Port. The Port shall be given keys with which to unlock all gates or doors in, upon or about any building located on the Premises, and the Port shall have the right to use any and all means which the Port may deem reasonable to open such doors in an emergency in order to obtain entry into any such building located on the Premises.

4.7 Security Deposit. In addition to payments of Basic Rent, Lessee shall deposit with the Port, upon execution of this Lease, cash in the amount of TWENTY THOUSAND DOLLARS (\$20,000.00) (the "Deposit"). The Deposit shall not be considered to be held in Trust by the Port for the benefit of Lessee and shall not be considered an advance payment of Rent or a measure of the Port's damages in the event of a default by Lessee. The Deposit may be commingled or kept in a separate account at the option of the Port. The Port may, but shall not be obligated to use the Deposit to pay Rent or other sums owed by Lessee to the Port or to reimburse the Port for any other amounts which the Port may expend or incur by reason of Lessee's failure to perform any of its obligations under this Lease. If the Port does apply any of the Deposit to any of the above, Lessee shall, immediately upon demand, replenish the Deposit to its original full amount. If Lessee fully performs all of its obligations under this Lease, any balance remaining of the Deposit (plus interest earned thereon) shall be returned to Lessee within thirty (30) days after expiration of this Lease and delivery of the Premises to the Port, as required under this Lease. If any question exists concerning Lessee's full compliance with the Lease, the Port shall be entitled to retain the Deposit until the Port is fully satisfied that there has been no breach of the Lease, even if it takes the Port longer than thirty (30) days after expiration of the Lease and return of the Premises to make such a determination to the Port's satisfaction. Lessee may substitute an irrevocable standby letter of credit drawn on a U.S. bank acceptable to the Port in lieu of a cash security deposit.

4.8 Taxes. Lessee shall pay all taxes and assessments of any public authority levied against the Premises or upon any taxable interest of Lessee acquired pursuant to this Lease or any taxable possessory right Lessee may have in or to the Premises or the Improvements located thereon, as well as all taxes on all taxable property, real or personal, owned by Lessee in or about the Premises, including any other tax or charge levied wholly or partly in lieu thereof. Lessee shall make all payments on or before the date payment is due ("Due Date"). Lessee shall also be allowed to contest the validity of any assessment on the Premises so long as monies sufficient to

pay the taxes are paid to the taxing authority on or before the Due Date. Lessee understands and agrees that should this Lease expire prior to the end of any given tax year that Lessee will nonetheless be responsible to pay taxes assessed for the entire tax year (currently, July 1 through June 30).

4.8.1 County as Third Party Beneficiary. Lessee agrees that the county to which Lessee is obligated to pay property taxes on account of this Lease or Lessee's possession or use of the Premises shall be an intended third party beneficiary of Lessee's obligation under this Lease to pay such taxes, and may, with the Port's prior written consent, enforce such obligation directly, by an action for a money judgment, without affecting any right or remedy available under this Lease or otherwise. No rights of the county under this Section shall be construed to affect or limit the Port's ability to alter, amend, delete, rescind, or add any provision in this Lease, to enforce or waive enforcement of any of its terms, or to substitute or release any party to this Lease, without notice to any county. See the Notice to Tenants, attached to this Lease as Exhibit C.

SECTION 5 PORT AUTHORITY AND OBLIGATIONS

5.1 Delivery of Premises. Should the Port be unable to deliver possession of the Premises on the Commencement date, the Lessee shall owe no rent until notice from the Port tendering possession to the Lessee. If possession is not so tendered within 60 days following commencement of the term, then the Lessee may elect to cancel this Lease by notice to the Port within 10 days following expiration of the 60 day period. The Port shall have no liability to the Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner. In the event the Port shall permit the Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

5.2 Quiet Enjoyment. Subject to Lessee performing all of Lessee's obligations under this Lease and subject to the Port's rights under this Lease and its rights of condemnation under Oregon law, Lessee's possession of the Premises will otherwise not be disturbed by the Port. Notwithstanding the foregoing, the Port shall have the right to access utility lines and to install utility lines under the Premises to serve other adjoining Port properties so long as such activity would not unreasonably disturb Lessee's use of the Premises as described in Section 1.3.

5.3 Condition of Premises. The Port makes no warranties or representations regarding the condition of the Premises, including, without limitation, the suitability of the Premises for Lessee's intended uses or the availability of utilities needed for Lessee's intended purposes. Lessee has inspected and accepts the Premises in "AS IS" condition upon taking possession. The Port shall have no liability to Lessee, and Lessee shall have no claim against the Port, for any damage or injury caused by the condition of the Premises. The Port shall have no responsibility to bring the Premises into compliance with any laws, including, without limitation, any building or occupancy codes. Lessee shall be solely responsible for thoroughly inspecting the Premises and ensuring that it is in compliance with all laws, including all requirements of the Americans With Disabilities Act ("ADA"). The Port does agree, however, to the maintenance, repair and construction obligations contained in Sections 5.4 and 5.6.

5.4 Port Maintenance Obligations. The Port shall maintain the roof, foundation and exterior walls of the Premises. Should the Port of its own accord undertake any repair or maintenance work on the Premises itself, whether or not such work is the responsibility of the Port, the Port shall have no liability for interference with Lessee's use of the Premises which might result from the Port's repair and maintenance efforts and no such efforts shall be construed as a constructive eviction or other eviction of Lessee. Rent shall not be reduced during any such repair period. Any repair of damage caused by negligence or breach of this Lease by Lessee, Lessee's subtenants (if allowed), employees, agents, contractors or invitees, shall be Lessee's responsibility and shall be made at Lessee's sole expense.

5.5 Port Authority Over Common Areas. In addition to any other rights granted by law or by this Lease, the Port reserves the right to expand or contract the boundaries of the Common Areas and to change, modify, or expand Port Rules for the use of the Common Areas; to permit the use of the Common Areas by others in such manner as the Port may from time to time determine; to close all or any portion of the Common Areas (so long as Lessee still has ingress and egress to the Premises); to construct additional buildings or other improvements in the Common Areas and to evict anyone from the Common Areas who fails to comply with any applicable laws, including applicable Port Rules.

5.6 Port Repairs and Obligations. The Port shall paint the south side of the building exterior as soon as practical after the Commencement Date of this Lease. Lessee recognizes that in completing such painting, Lessee's operations may be disrupted. The Port shall have no obligation to reimburse Lessee for any losses resulting from interruption or interference with Lessee's work or use of the Premises as a result of this painting. The Port will attempt to coordinate this painting such that disruption of Lessee's operations is minimized. Lessee agrees to cooperate with the Port, its contractors, or subcontractors, in coordinating said painting work.

SECTION 6 ENVIRONMENTAL OBLIGATIONS OF TENANT

6.1 Definitions. As used in this Lease, the following terms shall be defined as follows:

6.1.1 "Environmental Laws" shall be interpreted in the broadest sense to include any and all federal, state, and local statutes, regulations, rules, and ordinances now or hereafter in effect, as the same may be amended from time to time, which in any way govern materials, substances or products and/or relate to the protection of health, safety or the environment.

6.1.2 "Hazardous Substances" shall be interpreted in the broadest sense to include any substance, material or product defined or designated as hazardous, toxic, radioactive, dangerous or regulated wastes or substances, or any other similar term in or under any Environmental Laws.

6.1.3 "Environmental Costs" shall be interpreted in the broadest sense to include, but shall not necessarily be limited to: (i) costs or expenses relating to any actual or claimed violation of or noncompliance with any Environmental Law; (ii) all claims of third parties, including governmental agencies, for damages, response costs, or other relief; (iii) the cost, expense or loss to the Port as a result of any injunctive relief, including preliminary or temporary

injunctive relief, applicable to the Port or the Premises; (iv) all expenses of evaluation, testing, analysis, clean-up, remediation, removal, and disposal relating to Hazardous Substances, including fees of attorneys, engineers, consultants, paralegals and experts; (v) all expenses of reporting the existence of Hazardous Substances or the violation of Environmental Laws to any agency of the State of Oregon or the United States as required by applicable Environmental Laws; (vi) any and all expenses or obligations, including attorney and paralegal fees, incurred at, before, and after any trial or appeal therefrom or any administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise), deposition costs, copying, telephone and telefax charges and other expenses; and (vii) any damages, costs, fines, liabilities and expenses which are claimed to be owed by any federal, state or local regulating or administrative agency.

6.2 Initial Environmental Assessment. Notwithstanding anything in this Lease to the contrary, Lessee shall only be responsible for any Hazardous Substance contamination to the Premises which occurs after the Commencement Date of this Lease, unless such Hazardous Substance contamination was caused by the Port, its agents, or other adjoining Port tenants. Prior to the Commencement Date of this Lease a Phase I environmental site assessment of the Premises ("Initial Assessment") will be conducted at the Port's expense. A copy of the results of this Initial Assessment will be provided to Lessee prior to the Commencement Date of the Lease. Lessee shall have the opportunity to conduct its own environmental investigations or supplemental investigations and, provided that the results of any such investigations are provided to the Port prior to the Commencement Date of this Lease, such studies shall, in combination with the Port's Initial Assessment ("Initial Assessments"), be used as the baseline for determination of potential future contamination. It is agreed therefore, that a presumption will exist that as of the Commencement Date, the Premises is free of any environmental contamination except as disclosed by the Initial Assessment(s). The Initial Assessment(s) shall be used as a baseline for determination of potential future environmental liability. If contamination not shown in the Initial Assessment(s) is later found, including at the time of the Exit Audit described in Section 9.4 below, then a rebuttable presumption will exist that Lessee is responsible for that contamination. The parties agree that the Exit Audit will not involve drilling under the asphalt or concrete unless the Port has reasonable cause to believe Lessee's operations have caused the Hazardous Substances to seep under the asphalt or concrete. In that event, however, the Port shall have the burden of showing that the contamination under the asphalt or concrete was caused by Lessee or is the responsibility of Lessee under the terms of this Lease. If the Initial Assessment(s) show significant environmental contamination of the Premises, the Lessee shall have the option to either cancel this Lease prior to the Commencement Date, or to accept the Premises "As Is."

6.3 Use of Hazardous Substances. Except for the substances listed on Exhibit B, no handling, storage, generation, creation, disposal, transportation, or discharge of Hazardous Substances shall be permitted on, about or from the Premises without the prior written permission from the Port. Under no circumstances shall Lessee be permitted to use Chrome 6 on the Premises. Lessee's obligations under this Section 6 shall not prohibit use of ordinary office and janitorial supplies, or substances in cooling systems or other fluids contained in automobiles, forklifts or trucks, so long as they are in the automobiles, forklifts and trucks used in the ordinary course of Lessee's permitted use of the Premises and in accordance with all legal requirements.

6.4 Environmental Inspection. The Port reserves the right to inspect for Hazardous Substances and/or Lessee's management of Hazardous Substances on the Premises at any time and from time to time without notice to Lessee. If the Port at any time during the term of this Lease or any extension thereof has reason to believe that Lessee is handling Hazardous Substances contrary to the requirements of this Lease, in violation of this Lease, or in any manner that may allow contamination of the Premises, the Port may, without limiting its other rights and remedies, require Lessee to furnish to the Port, at Lessee's sole expense, an environmental audit or environmental assessment with respect to the matters of concern to the Port. The Port shall have the right to approve the company or individual conducting such audit and the audit procedures and shall be given an original certified copy of the results. Lessee shall cooperate with all such requests. If the results of the environmental audit required by the Port pursuant to this Section 6.4 show no environmental contamination, then the Port shall pay for the cost of such environmental audit.

6.5 Safety. Pursuant to the terms of this Lease, Lessee must comply with all applicable state, federal and local laws and ordinances. As a part of this requirement, Lessee shall maintain Material Safety Data Sheets for each and every Hazardous Substance used by Lessee, Lessee's agents, employees, contractors, licensees or invitees on the Premises, as required under the Hazard Communication Standard in 29 CFR §1910.1200, as it may be amended, redesignated or retitled from time to time, and comparable state and local statutes and regulations. In order to ensure that such information is available to the Port in the event of a spill or other emergency, all such information shall be kept current at all times and a copy of all such materials shall be kept in a place known to and easily accessible to the Port.

6.6 Disposal of Hazardous Substances. Lessee shall not dispose of any Hazardous Substance, regardless of the quantity or concentration, into any storm and/or sanitary sewer drains and plumbing facilities within the Premises, or on other property of the Port or into the Willamette River (the "River"). Hazardous Substances shall be disposed of and removed from the Premises only in accordance with the law. If Lessee knows or has reasonable cause to believe that any release of a Hazardous Substance has taken place or has come to be located on or beneath the Premises or in the River, Lessee must immediately give written notice of that condition to the Port.

6.7 Notice to Port. Lessee shall immediately notify the Port upon becoming aware of a violation or alleged violation of any Environmental Law and/or: (1) any leak, spill, release or disposal of a Hazardous Substance on, under or adjacent to the Premises, including in the River, or threat of or reasonable suspicion of any of the same; and/or (2) any notice or communication from a governmental agency or any other person directed to Lessee or any other person relating to such Hazardous Substances on, under or adjacent to the Premises or any violation or alleged violation of any Environmental Laws with respect to the Premises.

6.8 Environmental Remediation. In the event of a leak, spill or release of a Hazardous Substance, or any other substance in violation of Environmental Laws, on the Premises, (or in any adjacent or nearby waterways, on adjacent properties or in any Common Areas, if caused by Lessee) that is the responsibility of Lessee under the terms of this Lease, or the threat of or reasonable suspicion of the same, the Lessee shall immediately undertake all acts necessary or appropriate to contain, clean up and remove the Hazardous Substance. Lessee shall also

undertake, within a reasonable time, all investigatory, remedial and/or removal actions necessary or appropriate to ensure that any contamination by the Hazardous Substance is eliminated and any violation of any Environmental Law is stopped. The Port shall have the right to approve all investigatory, remedial and removal procedures and the company(ies) and/or individuals conducting such procedures. Within thirty (30) days following completion of such investigatory, remedial and/or removal action, Lessee shall provide the Port with a report outlining in detail what has been done by Lessee to cure any such problems. Promptly upon written notice from the Port or from any governmental entity, Lessee shall remove from the Premises (including, without limitation, the soil and surface and ground water thereof), at Lessee's own cost and expense, all Hazardous Substances which have been released on, in, under or about the Premises or in the River, during the term of this Lease or any prior lease held by Lessee and shall restore the Premises to its pre-contamination condition, in conformance with all applicable governmental laws, rules and regulations. Any Environmental Costs incurred by or assessed against the Port shall be promptly paid by Lessee after the Port incurs the obligation to pay such Costs or determines that an Environmental Cost is duly owing and the Port so notifies Lessee. If a spill or contamination is discovered by Lessee, but such spill or contamination is not the responsibility of Lessee under this Lease, Lessee must still immediately notify the Port of any problem or possible problem, but Lessee shall not be liable for the clean-up.

6.9 Certification. Not later than thirty (30) days after receipt of written request from the Port, Lessee shall provide a written certification to the Port, signed by Lessee, which certifies that Lessee has not received any notice from any governmental agency regarding a violation of any Environmental Law; or, if such notice was received, Lessee shall explain the reason for the notice, what has been done to remedy the problem and shall attach a copy of the notice. Lessee shall also certify that Lessee has obtained and has in force all permits required under Environmental Law. Copies of all such permits shall be made available to the Port upon request.

6.10 Documentation of Hazardous Substances. Lessee shall maintain for periodic inspection by the Port and deliver to the Port, at the Port's request, true and correct copies of the following documents (hereinafter referred to as the "Documents") related to the handling, storage, disposal and emission of Hazardous Substances, concurrently with the receipt from or submission to a governmental agency: Permits; approvals; reports and correspondence; storage and management plans; spill prevention control and countermeasure plans; other spill contingency and emergency response plans; documents relating to taxes for Hazardous Substances; notice of violations of any Environmental Laws; plans relating to the installation of any storage tanks to be installed in, under or around the Premises (provided said installation of tanks shall only be permitted after Port has given Lessee its written consent to do so, which consent may be withheld in Port's sole discretion); and all closure plans or any other documents required by any and all federal, state and local governmental agencies and authorities for any storage tanks or other facilities installed in, on or under the Premises.

SECTION 7 INDEMNITY, INSURANCE

7.1 General Indemnity. Lessee agrees to defend (using legal counsel acceptable to the Port which acceptance shall not be unreasonably withheld), indemnify, and hold harmless, the Port from and against any and all actual or alleged environmental costs, claims, damages, expenses,

costs, fees (including but not limited to attorney, accountant, paralegal, expert, and escrow fees), fines, and/or penalties, (collectively "Costs") which may be imposed upon, or claimed against the Port, and which, in whole or in part, directly or indirectly, arise from or are in any way connected with: (1) the act, omission or negligence of Lessee or Lessee's subtenants, agents, contractors, suppliers, employees, customers or licensees or any of their respective partners, officers, directors, agents, employees, invitees or contractors; (2) the use, occupation, management or control of the Premises by Lessee, whether or not due to Lessee's own act or omission and whether or not occurring on the Premises; (3) any condition created in or about the Premises by any party, other than the Port or an agent of the Port, including any accident or act of vandalism occurring on or about the Premises after the Effective Date; (4) any breach, violation, or nonperformance of any of Lessee's obligations under this Lease.

7.2 Environmental Indemnity. In addition to all other indemnities provided for by this Lease or by law, Lessee shall be solely responsible for and agrees to defend, indemnify and hold harmless, the Port from and against all claims against and/or environmental costs assessed against the Port arising, in whole or in part, directly or indirectly, from acts or omissions of any person or entity at or about the Premises after the Commencement Date of this Lease unless caused by the Port, the Port's agents or the Port's adjoining tenants. In addition to the indemnities provided above, this indemnification shall require Lessee to reimburse the Port for any diminution in value of the Premises or other adjacent or nearby Port Property, caused by violation of Environmental Laws or by Hazardous Substances, including damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or any other Port property, including damages arising from any adverse impact on marketing of the Premises or other Port property. Lessee's obligations shall not apply if the Hazardous Substances were deposited on the Premises by the Port, the Port's agents or the Port's adjoining tenants. Lessee shall be solely responsible to assure that no person brings Hazardous Substances onto the Premises. This environmental indemnity is in addition to, not in lieu of, and is included under the broad general indemnity provision set forth in Section 7.1.

7.3 Insurance Requirements

Insurance requirements set forth below do not in any way limit the amount or scope of liability of Lessee under this Lease. The amounts listed indicate only the minimum amounts of insurance coverage the Port is willing to accept to help insure full performance of all terms and conditions of this Lease. All insurance required by this Lease shall meet the following minimum requirements:

7.3.1 Certificates; Notice of Cancellation. On or before the Commencement Date, Lessee shall provide the Port with certificates of insurance establishing the existence of all insurance policies required under this Section 7. Thereafter, the Port must receive notice of the expiration or renewal of any policy at least thirty (30) days prior to the expiration or cancellation of any insurance policy. No insurance policy may be canceled, revised, terminated or allowed to lapse without at least thirty (30) days prior written notice being given to the Port. Insurance must be maintained without any lapse in coverage continuously for the duration of this Lease. Insurance canceled without Port consent shall be deemed an immediate Event of Default under this Lease. The Port shall also be given certified copies of Lessee's policies of insurance upon request.

7.3.2 Additional Insured. The Port shall be named as an additional insured in each required policy and, for purposes of damage to the Premises, as a loss payee. Such insurance shall not be invalidated by any act, neglect or breach of contract by Lessee.

7.3.3 Primary Coverage. The required policies shall provide that the coverage is primary, and will not seek any contribution from any insurance or self-insurance carried by the Port.

7.3.4 Company Ratings. All policies of insurance must be written by companies having an A.M. Best rating of "A" or better, or equivalent. The Port may, upon thirty (30) days written notice to Lessee, require Lessee to change any carrier whose rating drops below an "A" rating.

7.4 Required Insurance

At all times during this Lease, Lessee shall provide and maintain the following types of coverage:

7.4.1 General Liability Insurance. Lessee shall maintain an occurrence form commercial general liability policy (including coverage for broad form contractual liability; sudden and accidental spill coverage on land and on water; and personal injury liability) for the protection of Lessee and the Port, insuring Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of Lessee. Such coverage shall name the Port as an additional insured. Coverage shall be in an amount of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence for bodily injury and property damage for all coverage specified herein. Such insurance shall contain a fire legal liability endorsement protecting the Port in an amount not less than \$100,000.

7.4.2 Premises Insurance. The Port shall provide property insurance, in a form satisfactory to the Port, for the Premises. Coverage shall be in an amount equal to the replacement value of the Premises, with such exclusions and deductibles as the Port in its sole discretion determines appropriate consistent with prudent risk management practices. The parties acknowledge that this insurance will be part of a policy insuring other properties belonging to the Port. The Port shall allocate to Lessee that portion of the premiums attributable to the Premises based on property values and the premium rate attributable to the Premises, and Lessee shall pay the portion so allocated upon receipt of an invoice from the Port. The parties acknowledge that the portion of the premiums allocated to the Premises for the 1995-96 fiscal year is approximately \$1,108.00. Such property insurance shall not cover Lessee's contents, other personal property, or Lessee's Improvements on the Premises, which insurance shall be the responsibility of Lessee. Lessee's payment to the Port for the insurance reimbursement shall be made on or before the Commencement Date of the Lease and on the first day of each Lease Year thereafter. The amount due for the first year shall be prorated.

7.4.3 Automobile Liability Insurance. Lessee shall maintain an occurrence form automobile liability policy insuring Lessee and the Port against liability for damage because of bodily injury, death, or damage to property, including loss of use thereof, and occurring or in any way related to the use, loading or unloading of Lessee's owned, hired and non-owned vehicles on and around the Premises. Such insurance shall name the Port as an additional insured. Coverage shall be in an amount of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence.

7.4.4 Workers' Compensation Insurance. Lessee shall maintain in force Workers' Compensation insurance or self-insurance for all of Lessee's employees, including coverage for Employer's Liability, and, if applicable, Longshore and Harbor Workers' Compensation Act. In lieu of such insurance, Lessee may maintain a self-insurance program meeting the requirements of the State of Oregon and a policy of Excess Workers' Compensation with a limit of at least ONE MILLION DOLLARS (\$1,000,000) per accident above the self-insured retention.

7.4.5 Periodic Review. The Port shall have the right to periodically review the types, limits and terms of insurance coverage. In the event the Port determines that such types, limits and/or terms should be changed, the Port will give Lessee a minimum of thirty (30) days notice of such determination and Lessee shall modify its coverage to comply with the new insurance requirements of the Port. Lessee shall also provide the Port with proof of such compliance by giving the Port an updated certificate of insurance within fifteen (15) days. Lessee also agrees, as provided in Section 4.2, to comply with any requests that Port's insurance carrier may make regarding Lessee's maintenance and operations, unless such requests are waived in writing by the Port of Portland.

7.5 Waiver of Subrogation. The parties hereto waive any right of action that they and/or their insurance carriers might have against the other for loss or damage, to the extent that such loss or damage is covered by any All-Risk Property Insurance policy or policies and to the extent that proceeds (which proceeds are free and clear of any interest of third parties) are received by the party claiming the loss or damages. This waiver of subrogation shall not apply to any deductible amounts under such policy or policies.

SECTION 8 DAMAGE OR DESTRUCTION

8.1 General. Lessee shall immediately notify the Port of damage or destruction to any Improvements located on the Property in excess of five thousand dollars (\$5,000) (herein "Casualty"). For purposes of this Lease a "Major Casualty" shall be a casualty that involves damage or destruction of fifty percent (50%) or more of the Improvements located on the Premises.

8.2 Reconstruction. In the event of a Casualty that does not qualify as a Major Casualty, Lessee must promptly repair or replace any damaged Improvements made by Lessee and the Port must promptly repair and restore the Premises. If a Major Casualty shall occur, the Port shall have the option to either terminate this Lease or to fully restore or replace the damaged Premises, excluding any Improvements made by Lessee, which shall be Lessee's responsibility. Port shall notify the Lessee's of the Port's intent to terminate this lease or restore the Premises

within thirty (30) days of the date the damage occurred. If the Port chooses to terminate this Lease, all insurance proceeds payable on account of the damage or destruction to the Premises shall be paid to the Port. Prior to termination, however, all Improvements and other property required to be removed by the Lessee, pursuant to Section 9 must be removed from the Premises. If the Port decides to restore or replace the damaged Premises, such work shall be completed within one hundred eighty (180) days from the date the damage occurred. During any restoration, Rent shall continue to be paid unless otherwise agreed to, in writing, by the Port regardless of whether or not all or any portion of the Premises may be used. In the event of termination, the Port shall not be required to reimburse Lessee any prepaid Rent. Any restoration of the Premises shall comply with all terms of this Lease.

SECTION 9 TERMINATION

9.1 Duties on Termination. Upon expiration or earlier termination of the Lease for any reason, Lessee shall deliver all keys to the Port and surrender the Premises and all Improvements in good clean condition. Upon termination, Improvements constructed by Lessee shall, at the Port's option, become Port property (including any buildings constructed on the Premises) and shall not be removed unless the Port directs Lessee to remove such authorized Improvements, in which case Lessee must remove them and then repair any damage to the Premises. All repair and removal for which Lessee is responsible shall be completed prior to termination and surrender of the Premises.

9.2 Lessee's Personal Property.

9.2.1 Removal Requirement. Personal property, detachable curtains, blinds, furnishings and removable trade fixtures shall remain the property of Lessee if placed on the Premises by Lessee, at Lessee's expense (Lessee's "Personal Property"). At or before the termination of this Lease, Lessee, at Lessee's expense, shall remove from the Premises any and all of Lessee's removable Personal Property and shall repair any damage to the Premises resulting from the installation or removal of such Personal Property. Title to any items of Lessee's Personal Property which remain on the Premises after the termination date of this Lease may, at the option of the Port, be automatically taken by the Port, and the Port shall have the option, in its sole discretion, of: (a) retaining any or all of such Personal Property without any requirement to account to Lessee therefor, or (b) removing and disposing of any or all of such Personal Property and recovering the cost thereof, plus interest from the date of expenditure at the Port's then current interest rate, from Lessee upon demand.

9.2.2 Time for Removal. The time for removal of any Improvements or Personal Property Lessee is required to remove from the Premises upon termination shall be as follows: (1) on or before the Expiration Date; or (2) if this Lease is terminated unexpectedly due to a casualty loss, condemnation, an uncured Event of Default or for any other reason prior to the Expiration Date, then all removal must occur within thirty (30) days of the actual termination date. Lessee must continue to pay all Rent until all removal and clean-up is completed. The Port shall notify Lessee at least sixty (60) days in advance of the Expiration Date of the Improvements that must be removed by Lessee.

9.3 Holding Over. If Lessee holds over after this Lease terminates, Lessee shall be deemed a month-to-month holdover tenant or a tenant at sufferance, at the Port's sole discretion. In the event the Port deems Lessee as a month-to-month holdover tenant, Lessee shall remain bound by this Lease, except that the tenancy shall be from month-to-month, subject to the payment of all Rent in advance, with the monthly Basic Rent being one hundred fifty percent (150%) of the Basic Rent in effect immediately prior to the holding over. Such a tenancy may be terminated at any time by written notice from the Port to Lessee. In the event the Port deems Lessee as a tenant at sufferance, the Port shall be entitled to evict Lessee but the Port may still collect a charge for use of the Premises at a rate equal to the escalated Basic Rent stated in this paragraph.

9.4 Exit Audit and Remediation. Lessee shall, at Lessee's sole cost and expense, not sooner than six (6) months prior to the Expiration Date or otherwise scheduled termination date of this Lease, and not later than two (2) months prior to the Expiration Date or otherwise scheduled termination date of this Lease, conduct an environmental exit audit (the "Exit Audit") of the Premises to determine whether there are any Hazardous Substances on or about the Premises. The Port shall have the right to approve the Exit Audit procedures, scope and the company or individual conducting the audit. The Port shall be given a certified copy of the audit results. Lessee shall provide to the Port a supplemental update report as of the last day of the Lease Term. The Port may require that the scope of the Exit Audit be expanded if the Port reasonably believes a more expansive Exit Audit is needed. The Port, however, will not require drilling under the asphalt or concrete unless the Port has reasonable cause to believe Lessee's operations have caused the Hazardous Substances to seep under the asphalt or concrete. Lessee shall promptly remedy any contamination or violation of Environmental Laws revealed by the Exit Audit and its updates for which Lessee is responsible under the terms of this Lease. Such remediation shall be performed in accordance with all applicable Environmental Laws, prior to the expiration of the Lease Term. In the event Lessee fails to promptly remedy the contamination or violation of Environmental Laws, the Port shall have the right to do so and to charge Lessee all resulting Environmental Costs. The Port shall give Lessee at least seven (7) days prior written notice of its intention to remedy the contamination or violation of Environmental Laws. Lessee agrees to pay to the Port Environmental Costs incurred by the Port within thirty (30) days after receipt of invoice from the Port, such right to be in addition to any other remedy available to the Port under this Lease, at law, or by equity. In the event this Lease terminates unexpectedly for any reason, Lessee shall cause the Exit Audit to be completed, in a manner acceptable to the Port as described above, within thirty (30) days of the actual termination of this Lease. Until such time as Lessee has fulfilled all the requirements of this Exit Audit, the Port may, at the Port's option, treat Lessee as a holdover tenant and all provisions of this Section 9 concerning holdover tenancy shall apply. If Lessee does not conduct the Exit Audit as required, the Port may, at its sole option, and without further notice to Lessee, complete such audit and bill Lessee for all costs of conducting the Exit Audit.

SECTION 10 DEFAULT

10.1 Event of Default. The occurrence of any of the following shall constitute an Event of Default (also referred to as a "Default"):

10.1.1 Default in Rent. Failure of Lessee to pay any Rent or other amount payable to the Port or to others as provided herein within ten (10) days of the Due Date. No notice by the Port that Rent or such other amount is past due shall be required.

10.1.2 Default in Other Covenants. Unless otherwise provided in this Section 10, failure of Lessee to comply with any term, covenant or condition of this Lease (other than the payment of Rent or other amounts) within twenty (20) days after written notice by the Port describing the nature of the default. If the Default is of such a nature that it cannot be completely remedied within the twenty (20) day period, this provision shall be complied with if Lessee begins correction of the Default within the twenty (20) day period and thereafter proceeds in good faith and with reasonable diligence to effect the cure as soon as practical and to the satisfaction of the Port.

10.1.3 No Notice Required. Notwithstanding the foregoing Section 10.1.2, the Port need not give notice for a Default of the same lease provision more than four times during the Lease Term, and a failure to perform such type of obligation after the fourth notice constitutes an immediate Event of Default for which no further notice or opportunity to cure need be given. Furthermore, if any Event of Default threatens to cause serious harm to the Port or other Port tenants or persons, then the Port shall not be required to give any notice or opportunity to cure and the Port shall be entitled to immediate injunctive relief.

10.1.4 Insolvency. To the extent permitted by the United States Bankruptcy Code, each of the following shall be considered an Event of Default: insolvency of Lessee; an assignment by Lessee for the benefit of creditors; the filing by Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment of a receiver for the properties of Lessee and the receiver is not discharged within ten (10) days; the filing of an involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing; or the attachment of or the levying of execution on the leasehold interest and failure of Lessee to secure discharge of the attachment or release of the levy of execution within ten (10) days. In all of these instances, no notice that an Event of Default has occurred shall be required from the Port and no cure period except as specifically stated in this paragraph shall apply.

10.1.5 Abandonment. Failure of Lessee for thirty (30) days or more to use and occupy the Premises for one or more of the purposes permitted under this Lease, unless such failure is excused under other provisions of this Lease. In the case of Abandonment, no notice that an Event of Default has occurred shall be required from the Port.

10.1.6 Failure to Abide by Laws. Failure of Lessee to comply with any applicable state, federal and local laws or any of the Port's Rules. If the Port determines, in its sole discretion, that the Default is not of a serious nature, and the Default can be cured as outlined in Section 10.1.2 above, then the Port shall give Lessee twenty (20) days notice of such Default and Lessee shall be permitted to cure. If the Port determines, in its sole discretion, that the violation is of a serious nature, then termination will be immediate and no opportunity to cure the Default will be allowed.

10.2 Remedies on Default. Immediately following an uncured Event of Default or an Event of Default for which there is no cure period, the Port may exercise any or all of the following remedies, in addition to any other rights and remedies provided in this Lease or at law or equity:

10.2.1 Re-entry. The Port may re-enter the Premises, or any part thereof, by suitable action or proceeding at law, or by force or otherwise, without being liable for indictment, prosecution or damages therefor, and may repossess the Premises and remove any person or property therefrom, to the end that the Port may have, hold and enjoy the Premises.

10.2.2 Reletting. The Port, at its option, may relet the whole or any part of the Premises from time to time, either in the name of the Port or otherwise, to such tenants, for such terms ending before, on or after the Expiration Date of this Lease, at such rentals and upon such conditions (including concessions and free rent periods) as the Port, in its sole discretion, may determine to be appropriate. To the extent allowed under Oregon law, the Port shall not be liable for refusal to relet the Premises, or, in the event of any such reletting, for failure to collect any rent due upon such reletting; and no such failure shall operate to relieve Lessee of any liability under this Lease or otherwise affect any such liability. The Port may make such physical changes to the Premises as the Port, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Lessee of any liability under this Lease or otherwise affecting Lessee's liability. The Port shall have no obligation to attempt to relet the Premises prior to leasing such other property the Port may have available for lease. The Port, if under any statutory obligations to mitigate damages, shall not be required to attempt to relet the Premises to a potential lessee with whom the Port has been negotiating a lease for other property owned by the Port or to whom the Port has shown other property owned by the Port. The Port shall be entitled to use its best efforts to lease such other Port property to such prospective tenant.

10.2.3 Rent Recovery. Whether or not the Port retakes possession or relets the Premises, the Port shall have the right to recover unpaid Rents and all damages caused by the default. Damages shall include, without limitation: All Rents otherwise owed under this Lease (subject only to Oregon laws concerning mitigation of damages); all legal expenses and other related costs incurred by the Port as a result of Lessee's default; that portion of any leasing commission paid by the Port as a result of this Lease which can be attributed to the unexpired portion of this Lease; all costs incurred by the Port in restoring the Premises to good order and condition, or in remodeling, renovating or otherwise preparing the Premises for reletting; and all costs incurred by the Port in reletting the Premises, including, without limitation, any brokerage commissions and the value of the Port's staff time expended as a result of the default.

10.2.4 Recovery of Damages. The Port may sue periodically for damages as they accrue without barring a later action for further damages. Nothing in this Lease will be deemed to require the Port to await the date on which the Lease Term expires to bring or maintain any suit or action respecting this Lease. The Port may, in one action, recover accrued damages plus damages attributable to the remaining Lease Term (including an estimated amount of Operating Expenses as determined by the Port) including all Rent due. Escalations in Rent shall be calculated as set forth in Section 3 just as if the Lease were to remain in effect. If the Port has

relet all or any part of the Premises for all or any part of the period remaining on the Lease Term, this amount will be credited to Lessee, less all expenses incurred in reletting.

10.3 Termination of Lease. The Port may terminate this Lease upon the occurrence of an uncured Event of Default by giving Lessee written notice that this Lease is terminated. However, even if Lessee breaches this Lease, this Lease shall continue for so long as the Port does not terminate Lessee's right to possession, and the Port may enforce all of its rights and remedies under this Lease, including the right to recover the Rents as they become due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of the Port to protect the Port's interest under this Lease shall not constitute a termination of Lessee's rights to possession unless written notice of termination is given by the Port to Lessee. Any notice to terminate may be given before or within the cure period for Default and may be included in a notice of failure of compliance. No such termination shall prejudice the Port's right to claims for damages for such breach or any other rights and remedies of the Port.

10.4 Remedies Cumulative and Nonexclusive. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity, including, without limitation, suits for injunctive relief and specific performance. The exercise by the Port of any such rights or remedies will not preclude the simultaneous or later exercise by the Port of any other such rights or remedies. All such rights and remedies are nonexclusive.

10.5 Port Curing of Lessee's Defaults. If Lessee shall Default in the performance of any of Lessee's obligations under this Lease, the Port, without waiving such Default, may (but shall not be obligated to) perform the same for the account of and at the expense of Lessee, without notice in a case of emergency, and in any other cases, only if such Default continues after the expiration of twenty (20) days from the date the Port gives Lessee notice of the Default. The Port shall not be liable to Lessee for any claim for damages resulting from such action by the Port. Lessee agrees to reimburse the Port upon demand, as additional Rent, any amounts the Port may spend in complying with the terms of this Lease on behalf of Lessee.

10.6 Default by Port. In the event of any default by the Port, Lessee's exclusive remedy shall be an action for damages. Prior to being entitled to maintain any such action, Lessee shall give the Port written notice specifying such default with particularity, and the Port shall have thirty (30) days within which to cure any such default, or if such default cannot reasonably be cured within thirty (30) days, the Port shall then have thirty (30) days to commence cure and shall diligently prosecute cure to completion. Unless and until the Port fails to so cure such default after such notice, Lessee shall not have any remedy or cause of action by reason thereof. All obligations of the Port hereunder shall be construed as covenants, not conditions, and all such obligations shall be binding upon the Port only during the period of its ownership of the Premises and not thereafter, subject to Section 11.4 below.

SECTION 11 ASSIGNMENT, SUBLEASE, MORTGAGE AND TRANSFER

11.1 General Prohibition. This Lease is personal to Lessee. Therefore, except as otherwise specifically provided in Section 11.3 of this Lease, no part of the Premises, nor any

interest in this Lease, may be assigned, pledged, transferred, mortgaged, or subleased by Lessee, nor may a right of use of any portion of the Premises be conveyed or conferred on any third party by Lessee by any other means, without the prior written consent of the Port. Whether to deny or grant any such request shall be in the Port's sole discretion. Any assignment or attempted assignment without the Port's prior written consent shall be void. This provision shall apply to all transfers, including any that may occur by operation of law. If Lessee is a corporation or other entity, any change in ownership of the controlling interest in the stock of the corporation or ownership interest in such other entity, through sale, exchange, merger, consolidation or other transfer, shall be deemed an assignment of this Lease requiring the Port's consent.

11.2 Effect of Consent. If consent to sublease is given by the Port, no assignment or subletting by Lessee shall relieve Lessee of any obligation under this Lease and Lessee shall remain fully liable hereunder unless a specific written release is given to Lessee by the Port. Any attempted assignment or sublease by Lessee in violation of the terms and covenants of this Lease shall be void. Any consent by the Port to a particular assignment or sublease shall not constitute the Port's consent to any other or subsequent assignment or sublease. If consent is granted, Lessee shall provide a copy of the signed assignment or sublease document to the Port promptly after execution. The sublease or assignment instrument shall contain a provision requiring that the subtenant or assignee perform and observe all terms and conditions of this Lease and shall provide that the Port have the right to enforce such terms and conditions directly against the assignee or subtenant. The Port may charge a fee for reviewing Lessee's request to assign or sublease the Premises and for granting the right to assign or sublease all or any portion of the Premises.

11.3 Transfer by the Port. At any time after the Commencement Date of this Lease, the Port shall have the right to transfer its interest in the Premises or in this Lease. In the event of such a transfer, the Lessee shall attorn to the Port's transferee and recognize the transferee as the new Lessor under the Lease. Thereafter, the Port shall be relieved, upon notification to Lessee of the name and address of the Port's successor, of any obligations accruing from and after the date of the transfer so long as the transferee has agreed with the Port to assume all obligations of the Port under this Lease.

11.4 Estoppel Certificates. Lessee agrees to execute and deliver to Port, at any time and within twenty (20) days after written request, a statement certifying, among other things: (1) that this Lease is unmodified and is in full force and effect (or if there have been modifications, stating the modifications); (2) the dates to which Rent has been paid; (3) whether or not the Port is in default in performance of any of its obligations under this Lease and, if so, specifying the nature of each such default; and (4) whether or not any event has occurred which, with the giving of notice, the passage of time, or both, would constitute such a default by the Port and, if so, specifying the nature of each such event. Lessee shall also include in any such statement such other information concerning this Lease as the Port reasonably requests. The parties agree that any statement delivered pursuant to this section shall be deemed a representation and warranty by Lessee which may be relied upon by the Port and by potential or actual purchasers and lenders with whom the Port may be dealing, regardless of independent investigation. Lessee shall be deemed to have given such statement and shall be deemed to have admitted the accuracy of any information contained in the request for such statement. If the Lessee does not forward said certificates within the above described 20 day period, the Port shall be deemed to be appointed as Lessee's attorney in fact with full authority to make such an estoppel certificate on Lessee's behalf.

SECTION 12

EMINENT DOMAIN

12.1 General. In the event any public or private entity, having the power of eminent domain exercises its right or power of eminent domain (hereinafter "Taking Entity"), the parties' rights and obligations shall be governed by the common law of the State of Oregon, the applicable Oregon statutes, and this Lease. In the event of conflict between the statute, common law, and this Lease as to distribution of proceeds, this Lease shall prevail to the extent permitted by law.

12.2 Definitions. As used in this Section 12, the following terms shall have the following meanings:

12.2.1 "Date of Taking" means the date on which the condemning authority takes actual physical possession or such earlier date as the condemning authority gives notice that it is deemed to have taken possession or is granted possession by a court.

12.2.2 "Partial Taking" means the taking of only a portion of the Premises which does not constitute a Total Taking.

12.2.3 "Total Taking" means the taking of the fee title by right of eminent domain or other authority of law, or a voluntary transfer under the threat of the exercise of the right of eminent domain or other authority, of so much of the Premises as is necessary for Lessee's occupancy, that the Premises, after the taking, are no longer suitable for Lessee's intended use. Any taking of fifty percent (50%) or more of the area of the Premises shall be conclusively deemed a Total Taking.

12.3 Total Taking. If a Total Taking occurs during the Lease Term, this Lease will terminate as of the Date of Taking.

12.4 Partial Taking. If a Partial Taking occurs during the Lease Term, this Lease will continue in full force and effect as to the remainder of the Premises. The Basic Rent payable by Lessee for the balance of the Term will be reduced in the same proportion that the square footage area of the Premises taken bears to the square footage area of the Premises immediately prior to the Date of Taking. In the event of such continuation, Lessee shall make all necessary repairs or alterations to make the remaining Premises a complete architectural unit.

12.5 Award. All compensation and damages awarded for the taking of the Premises, any portion of the Premises, or the whole or any portion of any Common Areas, will belong to the Port. Lessee will not have any claim or be entitled to any award for the value of any unexpired term of this Lease; however, Lessee may make Lessee's own claim for any separate award that may be made by the condemning authority for Lessee's loss of business, or on account of any cost or loss Lessee may sustain in moving or in the removal of Lessee's trade fixtures, equipment, and furnishings which Lessee is authorized to remove under this Lease, or as a result of any alterations, modifications, or repairs which may be reasonably required by Lessee in order to place the remaining portion of the Premises not so condemned in a suitable condition for the continuance of Lessee's occupancy. Compensation for Improvements shall be divided among Lessee and the Port with the Port being entitled to the estimated fair market value of the

Improvements at the expiration of the Lease Term, assuming that the Improvements had been well maintained.

12.6 Effect of Termination. If this Lease is terminated pursuant to this Section 12 due to a Taking, then all Rent and other amounts payable by Lessee under this Lease will be paid by Lessee up to the Date of the Taking, and any Rent and other amounts paid in advance and allocable to the period after the Date of the Taking will be repaid to Lessee by the Port so long as Lessee has not been reimbursed for any such amount by the Taking Entity. In the event of such termination, the Port and Lessee will then be released from all further liability under this Lease, except such liability which expressly, or by its nature, survives termination and for any obligations either party failed to perform when due prior to termination.

SECTION 13- GENERAL PROVISIONS

13.1 Covenants, Conditions, and Restrictions. This Lease is subject and subordinate to the effect of any covenants, conditions, restrictions, easements, mortgages, deeds of trust, ground leases, rights of way, and any other matters of record now or hereafter imposed upon the Premises and to any applicable land use or zoning laws or regulations. Lessee shall, upon request of the Port, execute and deliver agreements of subordination in the form requested by the Port.

13.2 Governing Law. This Lease shall be governed and construed according to the laws of the State of Oregon. Venue shall be in Multnomah County, Oregon.

13.3 Port and Lessee. References to the Port and to Lessee herein are intended to include the commissioners, directors, officers, employees and agents of both when acting in the course and scope of their employment or as an agent thereof.

13.4 No Benefit to Third Parties. The Port and Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Unless specifically provided otherwise in this Lease, nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

13.5 Port Consent. If Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, Lessee shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable. Lessee's sole remedy shall be an action for specific performance or injunction, and such remedy shall be available only if the Port has expressly agreed, in writing, not to act unreasonably in withholding its consent or may not unreasonably withhold its consent as a matter of law and the Port has, in fact, acted unreasonably in either of those instances.

13.6 No Implied Warranty. In no event shall any consent, approval, acquiescence, or authorization by the Port be deemed a warranty, representation, or covenant by the Port that the matter approved, consented to, acquiesced in or authorized is appropriate, suitable, practical, safe or in compliance with any applicable law or this Lease. In no event shall the Port be deemed liable therefor. Lessee shall be solely responsible for such matters.

13.7 Notices. All notices required or desired to be given under this Lease shall be given in writing and may be delivered by personal delivery or by placement in the United States mail, postage prepaid, as certified mail, return receipt requested, and addressed as follows:

To the Port: The Port of Portland
P.O. Box 3529
Portland, Oregon 97208-3529
Attn: Manager, Property & Development Services

with a copy to: The Port of Portland
P.O. Box 3529
Portland, Oregon 97208-3529
Attn: Legal Department

To the Lessee: High-Temp N.W., Inc.
2050 NW Front Ave.
Portland, OR 97209
Attn: Sam Yockey

with a copy to: A.R. Vial Associates P.C.
12725 SW 66th, Suite 107
Portland, OR 97223
Attn: A. Richard Vial, Attorney

Any notice delivered by personal delivery shall be conclusively deemed received by the addressee upon actual delivery; any notice delivered by mail as set forth herein shall be conclusively deemed received by the addressee on the third business day after deposit. The addresses to which notices are to be delivered may be changed by giving notice of such change in accordance with this notice provision. In order for notice to be deemed effectively given by mail, notice must be sent to both Port addresses listed above.

13.8 Time of the Essence. Time is of the essence in the performance of and adherence to each and every covenant and condition of this Lease.

13.9 Nonwaiver. Waiver by the Port of strict performance of any provision of this Lease shall not be deemed a waiver of or prejudice the Port's right to require strict performance of the same provision in the future or of any other provision of this Lease.

13.10 Survival. Any covenant or condition (including, but not limited to, indemnification agreements), set forth in this Lease, the full performance of which is not specifically required prior to the expiration or earlier termination of this Lease, and any covenant or condition which by its terms is to survive the termination of this Lease, shall survive the expiration or earlier termination of this Lease and shall remain fully enforceable thereafter.

13.11 Partial Invalidity. If any provision of this Lease is held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or

circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

13.12 No Light or Air Easement. The reduction or elimination of Lessee's light, air, or view will not affect Lessee's obligations under this Lease, nor will it create any liability of the Port to Lessee.

13.13 Lease Subject to Bonds and Ordinances. This Lease shall be subject and subordinate to the bonds and ordinances which create liens and encumbrances as are now on the land which constitutes the Premises herein. Lessee agrees that the Port may hereafter adopt such bond ordinances which impose liens or encumbrances on said land and the Port's interest in the leasehold, and that Lessee shall, upon request of the Port, execute and deliver agreements of subordination consistent herewith.

13.14 Lease and Public Contract Laws. To the extent applicable, the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein and shall control in the event of conflict with any provision of this Lease.

13.15 Limitation on Port Liability. The Port shall have no liability to Lessee for loss or damage suffered by Lessee on account of theft or any act of a third party including other tenants. The Port shall only be liable for its willful misconduct or gross negligence and then only to the extent of actual and not consequential damages.

13.16 Calculation of Time. All periods of time referred to in this Lease shall include Saturdays, Sundays, and legal holidays. However, if the last day of any period falls on a Saturday, Sunday, or legal holiday, then the period shall be extended to include the next day which is not a Saturday, Sunday or legal holiday. "Legal Holiday" shall mean any holiday observed by the Federal Government.

13.17 Headings. The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

13.18 Exhibits Incorporated by Reference. All Exhibits attached to this Lease are incorporated by reference herein for all purposes.

13.19 Modification. This Lease may not be modified except by a writing signed by the parties hereto.

13.20 Brokers. Lessee represents that Lessee has not dealt with any leasing agent or broker in connection with this Lease and agrees to indemnify and hold the Port harmless from and against any and all damages, costs, and expenses arising in connection with any claim of an agent or broker alleging to have been retained by Lessee in connection with this Lease.

13.21 Attorney Fees. If a suit, action, or other proceeding of any nature whatsoever (including any proceeding under the U.S. Bankruptcy Code including, but not limited to, any

proceeding involving assumption or rejection of this Lease), is instituted in connection with any controversy arising out of this Lease or to interpret or enforce any rights or obligations hereunder, the prevailing party shall be entitled to recover attorney fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law. The Port shall also be entitled to recover its attorney fees and costs if it is required to seek legal assistance to enforce any term of this Lease, whether or not a proceeding is initiated. Payment of all such fees and costs shall also apply to any administrative proceeding, trial, and/or any appeal or petition for review.

13.22 Entire Agreement. This Lease represents the entire agreement between the Port and Lessee relating to Lessee's leasing of the Premises. It is understood and agreed by Lessee that neither the Port nor the Port's agents or employees have made any representations or promises with respect to this Lease or the making or entry into this Lease, except as expressly set forth in this Lease. No claim for liability or cause for termination shall be asserted by Lessee against the Port for, and the Port shall not be liable by reason of, any claimed breach of any representations or promises not expressly set forth in this Lease; all oral agreements with the Port are expressly waived by Lessee.

13.23 Successors. The rights, liabilities and remedies provided for herein shall extend to the heirs, legal representatives, successors and, so far as the terms of this Lease permit, successors and assigns of the parties hereto. The words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become such parties hereto. As used in this Lease, the term "Port" shall encompass all officers, directors, commissioners, employees and agents of the Port when acting on behalf of the Port.

13.24 Joint and Several Obligations. If Lessee consists of more than one individual or entity, the obligations of all such individuals and entities shall be joint and several.

13.25 Execution of Multiple Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one instrument.

13.26 Defined Terms. Capitalized Terms shall have the meanings given them in the text of this Lease.

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13.27 No Limit on Port's Powers. Nothing in this Lease shall limit, in any way, the power and right of the Port to exercise its governmental rights and powers, including its powers of eminent domain.

IN WITNESS WHEREOF, the parties have subscribed their names hereto effective as of the year and date first written above.

LESSEE:

LESSOR:

HIGH-TEMP N. W. INC.

THE PORT OF PORTLAND

By [Signature]

By [Signature]

As Its [Signature]

As Its Executive Director

By [Signature]

APPROVED AS TO LEGAL SUFFICIENCY

As Its V.P.

[Signature]
Counsel for the Port of Portland

APPROVED BY COMMISSION ON:

DEC 13 1995

List of Exhibits

Exhibit A Property Drawing

Exhibit B List of Permitted Substances

Exhibit C Notice to Tenants

Exhibit B

MSDS LIST OF RAW MATERIALS AND FINISHED HIGH-TEMP PRODUCTS

Products Manufactured by High-Temp Inc.

MATERIAL DESCRIPTION

COMPONENTS

HiCast No Cement Castable

Aluminum Oxide
Silica Oxide
Iron Oxide
Titanium Oxide
Magnesium Oxide
Alkalies

Alumina Low Cement Castable

Aluminum Oxide
Silica Oxide
Iron Oxide
Titanium Oxide
Calcium Oxide
Alkalies

(May contain Magnesium Oxide)

Raw Materials Used (or Bought and Sold) by High-Temp Inc.

MATERIAL DESCRIPTION

COMPONENTS

Magnesium Oxide-Silicate Bonded Refractory Mix

Magnesium Oxide
Silicic Acid
Sodium Salt

Magnesium Oxide-Sulfamic Acid Bonded Refractory Mix

Magnesium Oxide
Sulfamic Acid
Silica, as quartz
or Boric Acid
or Citric Acid

MgO-Dolime Refractory Mix

Dolomitic Lime
Magnesium Oxide
or Phosphonate Ester

Exhibit B

GERAGHTY & MILLER INC



POPT1S100675

Exhibit B

High Temperature Blanket	Fiberglass wool (common name: phenol formaldehyde urea polymer)
Tabular Alumina	Aluminum Oxide
Calcined Alumina	Aluminum Oxide Iron Oxide Silica Oxide Sodium Oxide
Alphabond	Aluminum Oxide
ALCHROME 85P	Alumina Hydrous Alumina Silicate Crystalline Silica Chrome Oxide Phosphate Binder
Refractory Fiber Insulation	Colloidal Alumina Colloidal Silica Refractory Ceramic Fiber (May contain Crystalline Silica)
AMI-SIL	Silicon Dioxide
BASICAST	Magnesium Oxide Amorphous Silica Aluminum Oxide Clay Polypropylene Fiber
Calcined Chinese Bauxite	Alumina Crystalline Silica
MULCOA	Alumina Crystalline Silica
	Alkalies
DARVAN 811D	Sodium Polyacrylate Copolymer
Lithium Carbonate (no MSDS List provided)	

Exhibit B

EXHIBIT C

NOTICE TO PORT OF PORTLAND TENANTS

Dear Tenant:

As you are aware, your agreement with the Port of Portland requires you to pay all property taxes assessed against the property you occupy. The Port of Portland and Multnomah County take this obligation seriously, and will strictly enforce it. If taxes are not paid promptly when due, the Port may pursue remedies for default, including termination of your agreement. Multnomah County may also pursue a collection action for unpaid taxes.

Property tax statements are sent by Multnomah County each November. If you wish to have your property tax statements sent to a different address, please contact the Multnomah County Division of Assessment and Taxation at:

Multnomah County Assessment & Taxation
P.O. Box 2716
Portland, Oregon 97208

Exhibit C